- Banks to explore new instruments for promoting rural industry and to improve the flow of credit to rural artisans, industries and rural entrepreneurs.
- To enhance the composite loan limit for SSI entrepreneurs from Rs. 50 lakh to Rs. 1 crore.

(d) Does not arise.

Functioning of Tamil Nadu Mercantile Bank

30. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Tamil Nadu Mercantile Bank is recognized and registered with the RBI;

(b) if so, whether RBI monitors its functions to some extent;

(c) whether it is also a fact that over the last three years, there has been instability in the functioning of bank;

(d) whether RBI has noted the various problems plaguing the management of this Bank; and

(e) what steps RBI proposes to take to upgrade the managements of all such banks, which are registered with the RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The information is being collected and will be laid down on the Table of the House to the extent available.

Financial Assistance to Karnataka for cleansing of Balance sheets of Co-operative Structure

31. SHRIMATI PREMA CARIAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether the Ministry of Finance has received any proposal from the State Government of Karnataka for sanction of financial assistance required to cleanse the Balance Sheet of the co-operative structure; and

(b) if so, the status of the same and the reasons for the delay, if any?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Proposals from various State Governments including Government of Karnataka have been received for sanction of financial assistance/revival package in respect of co-operative credit structure. Keeping in view the proposals received from various State Governments, a Task Force was set up by the Government under the Chairmanship of Shri A. Vaidyanathan for recommending an implementable action plan for reviving the rural co-operative banking institutions. The Task Force has submitted its report on 15.02.2005 and recommended financial assistance to credit co-operative institutions in short term structure to be shared in an appropriate ratio subject to certain reforms in co-operative sector. The recommendations of the Task Force have been accepted by the Government in principle for implementation.

Devolution of Funds to States from Central Taxes

32. SHRI LALITBHAI MEHTA: Will the Minister of FINANCE be pleased to state:

(a) the amount fixed for devolution to States from Central Taxes as per the recommendations of the Eleventh Finance Commission from 1st April, 2001 to 31st March, 2005;

(b) the State-wise and year-wise amount paid from Central taxes during 1st April, 2001 to 31st March, 2004;

(c) whether it is a fact that the target set to devolve funds for five years ending on 31st March, 2005 shall fall short to a great extent; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The details are given in the Statement. *(See* below).

(c) and (d) Devolution to States, of their share in Central Taxes, has been done in accordance with the recommendations of the Eleventh Finance Commission. The difference between the assessed share and actual releases to the States is because the assessment of the Eleventh Finance Commission of States share in Central Taxes is based on an assumed growth rate in tax revenues, whereas the actual devolution is based on the actual tax revenue collected by the Central Government.